

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice FLP-852

4-FLP

For: FSA Offices

**Delegating Administrator's Exception Authority to SED's to the
Requirements of 4-FLP, Subparagraph 61 D for States With Extreme or Exceptional Drought**
Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

According to the U.S. Drought Monitor (<https://droughtmonitor.unl.edu/>), as of September 30, 2021, many States are experiencing extreme (D3) or exceptional (D4) drought.

B Purpose

This notice provides a temporary delegation of Administrator's exception authority for States with D3 or D4 drought classifications to allow SED's to approve the application of the sale of basic livestock security as a regular payment. SED's may delegate approval authority to the FLC and/or FLS.

C Contact Information

If there are questions about this notice:

- County Offices will contact the State Office
- State Offices will contact Carolyn Estrada, LSPMD, at 419-447-7071, Ext. 2903.

Disposal Date	Distribution
June 1, 2022	All FSA Offices State Offices relay to County Offices

2 Implementation

A Requirements

Implementation will be for counties (and contiguous counties) with Presidential, Secretarial, or Administrator disaster designations because of drought in States with D3 or D4 drought classifications.

FLC's and DD's will ensure that all borrowers within eligible counties are sent the letter in Exhibit 1 within 30 calendar days of this notice.

Note: Requests must be received by June 1, 2022.

B Exception Requests

Exception requests will be sent through the FLC and must address the requirements of 4-FLP, paragraph 4. Additional requirements include:

- the application of the payment is not being used to resolve nonmonetary default or impending acceleration
- the borrower has been impacted directly by the disaster, the borrower is still in recovery, and the sale and application of the proceeds will allow the borrower to resume normal payments
- the borrower must submit a written request for the modification of the payment
- financial information in the FBP must be less than 2 years old
- an inspection of the collateral must have been completed within the last 12 months
- a direct loan/special servicing credit presentation must be created to evaluate eligibility, collateral, and approval of the application of payment

Note: The credit presentation will be:

- used as the official record of approval
- signed by the approving official.
- collateral coverage after the exception cannot be less than 100 percent based on a current estimated value as determined by the approval official. Additional collateral can be offered to meet this requirement. If the sale of security will reduce collateral coverage to less than 100 percent, State Offices will contact the National Office for guidance.

Letter to Notify Borrowers of the Availability to Apply Proceeds From the Sale of Basic Livestock Security as a Regular Payment

(Use Agency Letterhead format with local return address.)

LETTER TO NOTIFY BORROWERS OF THE AVAILABILITY TO APPLY PROCEEDS FROM THE SALE OF BASIC LIVESTOCK SECURITY AS A REGULAR PAYMENT

Dear:

This letter is to notify you of the availability of a temporary change in payment application that may be of assistance to you due to extreme or exceptional drought. This program will allow for the sale of basic livestock security to be applied as a regular payment. Basic livestock security is defined as breeding livestock herds and flocks, including replacements, that serve as security for the loan. To qualify for this program, you will need to apply for a change of payment application. Your application should consist of a handwritten statement requesting the change in the application of payment including and explanation as to how the extreme drought has impacted your operation. In addition, a balance sheet and cash flow must be provided if one has not been completed in the last twenty-four months.

This program will require that FSA has a minimum of 100% collateral coverage. If your operation does not meet this requirement you will be given the opportunity to provide additional security to meet the threshold. This program may not be used to resolve nonmonetary default or impending acceleration.

Requests must be received by June 1, 2022.

We also have primary loan servicing (PLS) which is a comprehensive servicing package available to ALL borrowers regardless if they are in a disaster declared area or not. This comprehensive servicing package includes loan rescheduling, consolidation, up to a five-year deferral, and in some cases possible write down of debt. This type of servicing may provide for lower payments. If you are interested in this more comprehensive servicing option, contact this office to obtain an application.

Disaster Set Aside is another tool that may assist you if you are having difficulties making your payments.

If you wish, an appointment will be arranged to discuss questions you may have. Our telephone number is _____.

Sincerely,

[Authorized Agency Official's Title]

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.